

MSME Sector in India: A Gender-Based Comparative Study**Mittal, Shweta¹ & Kumar, Pradeep²**¹Research Scholar, Department of Economics, NIILM University, Kaithal²Assistant Professor, Department of Economics, NIILM University, Kaithal**CITATION**

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) form the spine of the Indian economy, contributing drastically to employment technology, industrial output, and export. As of Fiscal year 2024–25, MSMEs accounts for approximately 30% of India's GDP and hire over 110 million people, playing a critical role in inclusive financial development. This paper examines the comparative overall performance of MSMEs owned through male and female marketers, analyzing dimensions together with productiveness, profitability, access to finance, and commercial enterprise sustainability. Despite improved participation, female entrepreneurs retain to stand gender-unique demanding situations together with confined get entry to credit, marketplace linkages, and mentorship. The Government of India has launched numerous targeted schemes to sell women entrepreneurship, consisting of the Stand-Up India Scheme, Mahila Coir Yojana, Trade Related Entrepreneurship Assistance and Development (TREAD) scheme, and PMEGP with ladies-unique incentives. The look at highlights the importance of strengthening these tasks to make certain gender parity and maximize the financial capability of MSMEs across sectors.

Keywords: MSMEs, economic contribution, gender performance assessment, women entrepreneurship, Stand-Up India, government schemes, male and female entrepreneurs, inclusive increase, small commercial enterprise development, India economy.

Introduction

The entrepreneurial spirit has been a driving force behind the current economic boom, job creation, and societal shifts. More than 110 million people in India rely on the micro, small, and medium-sized enterprises (MSME) sector, which contributes more than 30% to the country's GDP. (Ministry of MSME, Government of India, 2023). Micro, small, and medium enterprise (MSME) participation among women has been increasing in recent years, aided by various government initiatives and changing socioeconomic variables. Despite this improvement, a gender gap in entrepreneurial performance is still visible. Many women company owners face societal and cultural barriers, insufficient training, and a general lack of industry understanding that prevents them from reaching their full potential (Goyal & Parkash, 2011). Micro, small, and medium-sized firm (MSME) owners, both male and female, will be the focus of this study as they pertain to key performance indicators such as sales turnover, profitability, company expansion, job creation, and access to capital. Entrepreneurship has long been recognized as a key driver of economic growth, innovation, and job creation in India. An integral part of this process is the micro, small, and medium enterprise (MSME) sector, which employs over 110 million people (in both urban and rural areas) and contributes over 30% of the country's gross domestic product (GDP). In recent years, women's active participation in entrepreneurship has become increasingly important, playing a role in transforming local economies and fostering inclusive growth.

Definitions of Micro, Small & Medium Scale Enterprise

According to the provisions of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006, the Micro, Small and Medium Enterprises (MSME) are classified into two Classes:

- A. **Manufacturing Enterprises:** The businesses that produce items for any of the industries listed in the first schedule of the industries (Development and Regulation) Act, 1951. In the following table, we can see how manufacturing enterprises are classified according to the amount of capital they invest in plant and machinery.

Manufacturing Type Industries' Classification

Type	Industry in which Investment in Plant & Machinery is
Micro	Less Than Rs 25 Lakhs
Small	More Than 25 Lakhs But Not Exceeding 5 Crores

Medium	More Than 5 Crores But Not Exceeding 10 Crores
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Source - <https://msme.gov.in>

B. Service Enterprises: The following table shows the businesses that are involved in providing services that employ machinery or equipment as listed in the first schedule to the industries (Development and Regulation) Act, 1951.

Service Type Industries Classification

Type	Engaged In Providing Service In Which Investment In Equipment Is
Micro	Less Than Rs 10 Lakhs
Small	More Than 10 Lakhs But Not Exceeding 2 Crores
Medium	More Than 2 Crores But Not Exceeding 5 Crores

Source - <https://msme.gov.in>

To encourage their expansion, the Centre has updated the definition of micro, small, and medium enterprises (MSME), removed the differentiation between service and manufacturing businesses, raised the investment requirements for MSME, and added turnover as an additional criterion. The updated categorization is as follows:

Classification of Manufacturing and Service Enterprises

Type (Manufacturing & Service Enterprises)	Investment	Turnover
Micro	1 crore	5 crores
Small	10 crores	50 crores
Medium	20 crores	100 crores

Source - <https://msme.gov.in>

Companies that offer goods or services and have yearly revenues of up to 5 crore rupees and capital expenditures of up to 1 crore rupees will be classified as micro enterprises under the new definition. There are now a turnover threshold of 50 crore rupees and an investment requirement of 10 crore rupees for small firms. When a company's yearly income is between Rs 100 crore and Rs 20 crore, it is considered a medium-sized enterprise.

Further the economic package of Atamanirbhar Bharat Abhiyan also made a change in its definition, under this union cabinet officially revised the MSME definition. Now the large number of medium enterprises could be included in MSME as its limit has been extended to over 250 crores.

Updated Classification of Manufacturing and Service Enterprises

Type (Manufacturing & Service Enterprises)	Investment	Turnover
Micro	1 crore	5 crores
Small	10 crores	50 crores
Medium	50crore	250crore

Literature Review

Das (2012) asserts that women are constrained in their ability to invest in their enterprises due to conventional gender roles, familial obligations, and societal norms. Cultural biases and lack of family support further aggravate this problem, impacting business performance.

Sharma and Goyal (2015) found that access to finance is a critical factor influencing entrepreneurial performance. It can be difficult for female entrepreneurs to get the formal funding they need because many of these businesses lack collateral, have a poor credit history, or are simply seen as a higher risk by financial institutions. The International Finance Corporation (IFC, 2014) also highlights a significant credit gap for women-owned businesses in India.

Garg (2015) surveyed micro, little, and medium-sized enterprises (MSMEs) in Punjab to assess their growth and general performance. With the use of tables and graphs, the researcher has evaluated the effectiveness of MSMEs using descriptive statistics. According to the article, MSMEs contribute to a rise in a country's export volume and foreign exchange reserves due to the fact that they primarily manufacture items with an eye toward export. The growth of the Indian economy is thus greatly aided by MSMEs. The export volume of Punjab's micro, small, and medium-sized enterprises (MSMBs) increased by 15% between 2008-09 and 2009-10. Supported by SMEs, the economy of Punjab state is poised to expand. Small and medium-sized enterprises (MSMEs) employed about half of Punjab's workforce.

Shaik et al. (2017) undertook the research to determine how well MSME (micro, small, and medium-sized firm) development programs in India were working. We used tables and ratios to assess the data that we collected. There was a 4.39 percent increase in the total number of operating MSMEs from 2006–07 to 2013–14, and a 6.65 percent increase in the market value of fixed assets during the same time period.

Rao (2018) found that male entrepreneurs are often more motivated by profit maximization and market expansion, while women entrepreneurs are motivated by self-employment needs, work-life balance, and social status. This difference in entrepreneurial motivation also reflects in business performance outcomes.

Bansal (2020) conducted a comparative study on MSME performance and found that while women entrepreneurs excel in service-oriented enterprises, male entrepreneurs dominate in manufacturing and export-oriented units. The performance indicators such as sales volume, employment size, and capital investment are generally higher among male-led enterprises.

Objectives of the Study

1. To explore the contribution of MSME sector to the economy.
2. To study the performance of men and women in MSME sector.
3. To study the schemes started by government for women entrepreneurs.

Research Methodology

It is an exploratory and descriptive paper. The majority of the information presented in this work comes from secondary sources. Secondary sources such as academic journals, books, articles, government reports, economic surveys, and the MSME Census Report were used to compile the data.

MSMEs Contribution to the Economy

Micro, Small, and Medium Enterprises (MSMEs) play a critical function inside the Indian economic system by using contributing considerably to GDP, employment, exports, and industrial improvement. As according to the Ministry of MSME Annual Report 2023–24, MSMEs account for about **30% of India's Gross Domestic Product (GDP)**, with a huge portion coming from the offerings and production sectors (**Ministry of MSME, 2024**). The zone is a prime source of livelihood, employing over 111 million humans, making it the second one-largest employment generator after agriculture. Furthermore, MSMEs contribute

approximately **45–48% of India's total exports**, specifically in sectors like textiles, garments, leather, and car additives (**DGFT, 2023**). The number of MSMEs in India is envisioned at **63.4 million**, with round 49% operating in rural areas, playing a vital function in selling balanced regional development and inclusive growth (**Udyam Registration Portal, 2024**). These establishments also sell entrepreneurship and innovation, particularly among teenagers and girls. Given their huge-reaching effect, MSMEs are considered the backbone of the Indian financial system, riding economic growth, industrialization, and socio-monetary development.

❖ Registered MSMEs – FISCAL YEAR 2024-25

Total registered MSMEs: 5.93 crore (59.34 million) as of February 4, 2025

- Dominated by **micro-enterprises** (vast majority)

Employment generated: Over **25.18 crore** (251.8 million) total jobs

MSME export contribution FY 2024-25: ~**45.79 %** of total exports (data up to May 2024)

Source-Udyam portal data 2025

❖ Number Of MSMs in India Fiscal Year 2019

According to the given graph

Total MSME: Approximately **63.3 million enterprises**

Micro enterprises: ~63.05 million

Small enterprises: ~0.33 million

Medium enterprises: ~0.005 million

Source- Ministry of MSME reports, Government sources for fiscal year 2018-19

❖ COMPARISON: FISCAL YEAR 2024-25 AND FISCAL YEAR 2018-19

Financial Year	MSME Units (million)	Employment (million)
2018–19	63.3 million (6.33 crore)	111 million
2024–25	59.3 million (5.93 crore)	251.8 million

Comparison table shows:

Slight decreased in registered MSME units—from ~63.3 M to ~59.3 M. This likely reflects policy shifts and reclassifications under the Udyam regime.

Employment has increased, more than doubling the number of people employed (~112 M → ~252 M), indicating deeper workforce absorption per enterprise.

Performance of Men and Women Entrepreneurs in MSME Sector

PERCENTAGE DISTRIBUTION OF ENTERPRISES OWNED BY FEMALE/MALE ENTREPRENEURS			
CATEGORY	FEMALE	MALE	ALL
Micro	20.44	79.56	100
Small	5.26	94.74	100
Medium	2.67	97.33	100
All	20.37	79.63	100

(Source: MSME Annual report, 2023-24)

The data shown in this table demonstrates that out of all the businesses in the micro, small, and medium enterprise categories, just 20.44 percent were owned by women, while 79.566 percent were owned by men. Small Enterprises had 5.26% female entrepreneurs and 94.74% male entrepreneurs and Medium Enterprises had 2.67% female entrepreneurs and 97.33 male entrepreneurs.

Percentage Distribution of Enterprises in Rural and Urban Areas Owned by Female/Male Entrepreneurs			
SECTOR	FEMALE	MALE	ALL
Rural	22.24	77.76	100
Urban	18.42	81.58	100

All	20.37	79.63	100
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(Source: MSME Annual report, 2023-24)

In contrast to the male-dominated urban sector, the rural sector was home to 77.76% male entrepreneurs and 22.24% female entrepreneurs, as seen in the table below. Urban sector had 18.42% female entrepreneurs and 81.58% male entrepreneurs.

State Wise Female/Male Owner Distribution in MSMEs (NSS 73rd round)					
Sr. No.	STATE	FEMALE	% SHARE OF FEMALE OWNERS	MALE	% SHARE OF MALE OWNERS
1	West Bengal	2901324	23.42	5583138	11.5
2	Tamil Nadu	1285263	10.37	3441489	7.10
3	Telangana	972424	7.85	1459622	3.01
4	Karnataka	936905	7.56	2684469	5.54
5	Uttar Pradesh	862796	6.96	8010932	16.5
6	Andhra Pradesh	838033	6.76	2160318	4.45
7	Gujarat	826640	6.67	2375858	4.90
8	Maharashtra	801197	6.47	3798339	7.83
9	Kerala	495962	4.00	1647853	3.40
10	Rajasthan	380007	3.07	2261127	4.66
11	Madhya Pradesh	370427	2.99	2275251	4.69
12	Jharkhand	310388	2.51	1250953	2.58
13	Odisha	295460	2.38	1567395	3.23
14	Punjab	224185	1.81	1183871	2.44
15	Bihar	168347	1.36	3239698	6.68
16	Haryana	98309	0.79	831645	1.71
17	Delhi	86742	0.70	827234	1.70
18	Manipur	86604	0.70	86383	0.17
19	Jammu & Kashmir	74785	0.60	624056	1.28
20	Chhattisgarh	71201	0.57	727203	1.50
21	Assam	66665	0.54	1128411	2.32

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22	Himachal Pradesh	50368	0.41	329595	0.68
23	Meghalaya	39462	0.32	72191	0.14
24	Tripura	28042	0.23	179169	0.36
25	Puducherry	27072	0.22	65350	0.13
26	Uttarakhand	20964	0.17	380000	0.78
27	Nagaland	20865	0.17	65778	0.13
28	Mizoram	13698	0.11	20439	0.04
29	Goa	10815	0.09	57133	0.11
30	Arunachal Pradesh	6274	0.05	16153	0.03
31	Chandigarh	5560	0.04	44321	0.09
32	Sikkim	5036	0.04	20880	0.04
33	A & N Islands	4026	0.03	14302	0.02
34	Dadra & Nagar Haveli	2629	0.02	12900	0.02
35	Daman & Diu	1560	0.01	5880	0.01
36	Lakshadweep	488	0.00	1384	0.00
	ALL	12390523	100.00	48450722	100.00

(Source: MSME Annual Report 2023-24)

Despite all the challenges, women outnumber males in India's micro, small, and medium-sized businesses. Women own 23.4% of proprietary MSMEs in West Bengal, the greatest percentage, while 10.4% of these businesses are held by Tamil Nadu residents. These figures vary greatly from one state to the next.

Schemes Started by Government for Women Entrepreneurs

A) Pradhan Mantri Mudra Yojana- This central government scheme gives loans ranging from Rs 50,000 to Rs 10 lakh for women entrepreneurs in the manufacturing, trading, and service sectors. It is administered by the Micro Units Development and Refinance Agency (MUDRA).

B) Pradhan Mantri Rozgar Yojana- Women entrepreneurs can attain financial assistance under this scheme to grow their businesses. This program primarily efforts on empowering

women by giving loans to help them become financially self-sufficient. Agriculture is included in the system, which also envelops all business alternatives. The most important feature of this scheme is that it offers a 15% discount on project costs, up to a maximum of INR12500 per person (<https://www.msme.in>).

C) Bhartiya Mahila Business Bank Loan- This scheme gives financial assistance to underprivileged women, with loans of up to Rs 20 Crores to be repaid in seven years. No collateral is required for loan up to Rs 1 Crore under the credit guarantee Fund Trust for Micro and Small Enterprises (<https://timesofindia.indiatimes.com>).

D) Udyogini scheme- This program is perfect for ladies who want to start their own business but don't know where to begin. The Government of India starts this scheme for women who belong to a family that earns less than INR 1.5 lakh per year, with no discrimination against widowed, poor, or disabled women (<https://www.msme.in>).

Conclusion

The MSME sector offers immense potential for economic growth and gender inclusion. While male entrepreneurs currently dominate in terms of scale and financial performance, women-led MSMEs are increasingly recognized for their innovation, community impact, and resilience. Bridging the gender gap in entrepreneurship requires systemic changes, including better access to finance, training, mentorship, and favorable policies. Empowering women in the MSME sector is not only a matter of equity but a smart economic strategy for sustainable development.

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